

S. 1591

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Refinery Investment Tax Assistance Act of 2007”.

SEC. 2. FULL EXPENSING FOR QUALIFIED REFINERY PROPERTY.

(a) IN GENERAL.—Subsection (a) of section 179C of the Internal Revenue Code of 1986 (relating to election to expense certain refineries) is amended by striking “50 percent of”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in section 1323 of the Energy Policy Act of 2005.

SEC. 3. PETROLEUM REFINING PROPERTY TREATED AS 5-YEAR PROPERTY.

(a) IN GENERAL.—Subparagraph (B) of section 168(e)(3) of the Internal Revenue Code of 1986 (relating to 5-year property) is amended by striking “and” at the end of clause (v), by striking the period at the end of clause (vi)(III) and inserting “, and”, and by adding at the end the following new clause:

“(vii) any petroleum refining property.”.

(b) PETROLEUM REFINING PROPERTY.—Section 168(i) of such Code is amended by adding at the end the following new paragraph:

“(18) PETROLEUM REFINING PROPERTY.—

“(A) IN GENERAL.—The term ‘petroleum refining property’ means any asset for petroleum refining, including assets used for the distillation, fractionation, and catalytic cracking of crude petroleum into gasoline and its other components.

“(B) ASSET MUST MEET ENVIRONMENTAL LAWS.—Such term shall not include any property which does not meet all applicable environmental laws in effect on the date such property was placed in service. For purposes of the preceding sentence, a waiver under the Clean Air Act shall not be taken into account in determining whether the applicable environmental laws have been met.

“(C) SPECIAL RULE FOR MERGERS AND ACQUISITIONS.—Such term shall not include any property with respect to which a deduction was taken under subsection (e)(3)(B) by any other taxpayer in any preceding year.”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

(2) EXCEPTION.—The amendments made by this section shall not apply to any property with respect to which the taxpayer has entered into a binding contract for the construction thereof on or before the date of the enactment of this Act.

By Mr. BAUCUS (for himself, Mr. GRASSLEY, Mr. ROCKEFELLER, Mr. CONRAD, Mr. BINGAMAN, Ms. SNOWE, Mr. KERRY, Mrs. LINCOLN, Mr. SMITH, Mr. SCHUMER, Ms. STABENOW, Ms. CANTWELL, Mr. ROBERTS, and Mr. SALAZAR):

S. 1593. A bill to amend the Internal Revenue Code of 1986 to provide tax relief and protections to military personnel, and for other purposes; to the Committee on Finance.

Mr. BAUCUS. Mr. President, this week, we celebrate Flag Day, and in a few weeks we will celebrate the Fourth of July.

We ask a lot from our men and women in the armed services, and their sacrifices are essential to protecting our freedom here at home. One way to

support them is to make the Tax Code a little friendlier to the troops.

That is why I am introducing the Defenders of Freedom Tax Relief Act of 2007. This bill would extend the tax rules favoring the military that expire in 2007 and 2008. It would also eliminate roadblocks in the current tax laws that present difficulties for veterans and servicemembers.

Our troops should fight against our Nation's enemies, not our Nation's Tax Code. Family members of fallen soldiers killed in the line of duty receive a death benefit of \$100,000. But the Tax Code restricts the survivors from contributing this benefit into a tax-favored retirement account. My bill would exempt this benefit from the current restrictions on contribution amounts and income limitations. That way, the family members of fallen soldiers could take advantage of tax-favored Roth IRA accounts.

Lower ranking, lower income soldiers do most of the heavy lifting in combat situations. Under the current Tax Code, their income is not counted in computing the earned income tax credit, or EITC. The EITC is a beneficial tax provision available to working Americans. It makes no sense to deny it to our troops. My bill would count combat duty income for EITC purposes, and it would make this change to the Tax Code permanent.

My bill would also eliminate the confusion that surrounds State gifts to servicemembers. Military members should not be caught in the crossfire of competing Tax Code interpretations.

Another hazard facing our troops in the Tax Code is the statute of limitations for filing a tax refund. Most Veterans' Administration disability claims filed by veterans are quickly resolved. But thousands of disability awards are delayed due to lost paperwork or the appeals of rejected claims. Once a disabled veteran finally gets a favorable award, the good news is that the disability award is tax-free. But many of these disabled veterans get ambushed by a statute that bars them from filing a tax refund claim. My bill would give disabled veterans in this situation an extra year to claim their tax refunds.

Our men and women in uniform provide an invaluable service to our country. They, along with their families, make sacrifices and live a demanding lifestyle. The Tax Code should not add to their hardships as they move from assignment to assignment around the globe.

Protecting American interests around the world requires most of our troops to move a number of times during their career. Restricting favorable mortgage bond financing to only first-time homebuyers does not make much sense for them. Therefore, my bill would eliminate this restriction for veterans who served in the active military.

The bill would make permanent a provision that allows intelligence community employees to make use of the

exclusion of gain on the sale of their home when they are assigned overseas or 50 miles away from their home.

A soldier's rucksack is heavy enough as it is without piling tax paperwork on top of it. My bill would help reduce paperwork.

My bill would treat differential pay as wages. This would make it easier for employers to contribute to a reservist's retirement plans. And it would eliminate the reservist's need to make estimated tax payments.

My bill would also make permanent certain taxpayer information reporting rules, so that the Social Security Administration and the Veterans' Administration could facilitate the administration of veteran needs-based pension and compensation programs.

A further roadblock for military service men and women is the 10-percent penalty triggered for early withdrawal from a qualified retirement plan. If reservists are called to active duty, the last thing that they should have to worry about is their 401(k) plan or IRA account. This provision would permit penalty-free early withdrawal. And it would give reservists 2 years from the time that they stop active duty to roll over their IRAs or 401(k) plans.

Small business employers are being asked to make sacrifices here at home. My bill would help.

Mobilization of Reserve personnel creates unexpected employee absences. This hits small businesses especially hard. Some employers voluntarily take on the added burden of eliminating any pay gap experienced by their reservist-employees. These employers pay the difference between the civilian salary and the military pay. In recognition of their patriotism, my bill would provide small businesses with fewer than 50 employees a tax credit of 20 percent of the differential pay, up to \$20,000, for those small businesses that make differential payments to reservists called up to active duty.

This bill is fully paid for with a change in the Tax Code that makes sure that anyone relinquishing their U.S. citizenship is still on the hook to pay their fair share of U.S. taxes.

We owe the Americans fighting in our Armed Forces an enormous debt of gratitude. These important tax reforms are one small way of saluting them for all that they do. I urge my colleagues to join me in supporting this measure.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1593

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

(a) SHORT TITLE.—This Act may be cited as the “Defenders of Freedom Tax Relief Act of 2007”.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in